

## **STATUS REPORT:** **INTERNATIONAL CARTEL ENFORCEMENT**

The Antitrust Division of the U.S. Department of Justice ("Division") has employed a strategy of concentrating its enforcement resources on international cartels that victimize American businesses and consumers. This enforcement emphasis has led to remarkable success in terms of cracking international cartels, securing the convictions of major conspirators, and obtaining record-breaking fines. For example:

- **Grand Jury Investigations.** During FY 2000, the Division conducted approximately 30 grand jury investigations of suspected international cartel activity. Currently, approximately one-third of the Division's criminal investigations involve suspected international cartel activity.
- **Geographic Scope.** The subjects and targets of the Division's international investigations are located on 5 continents and in over 20 different countries. However, the geographic scope of the criminal activity is even broader than these numbers reflect. Our investigations have uncovered meetings of international cartels in *107 cities in 35 countries*, including most of the Far East and nearly every country in Western Europe. (See World Map, Attached.)
- **Numerous Sectors of Economy Affected.** The Division has prosecuted international cartels operating in a number of sectors including vitamins, food and feed additives, food preservatives, chemicals, graphite electrodes (used in steel making), and marine construction and marine transportation services.
- **Volume Of Affected Commerce.** In some matters, the volume of commerce affected by the suspected conspiracy is well over \$1 billion per year; and in over half of the investigations, the volume of commerce affected is well over \$100 million over the term of the conspiracy.
- **Estimated Harm.** Since the beginning of FY 1997, the Division has prosecuted international cartels affecting well over *\$10 billion* in U.S. commerce. It is clear that the cartel activity in these cases has cost U.S. businesses and consumers many hundreds of millions of dollars annually. For example:

May 2001

- **Lysine** - Prices increased by 70% in first 6 months; doubled over course of conspiracy; defendants agreed to pay U.S. customers more than \$45 million in damages.
  - **Citric Acid** - Prices increased by over 30% during duration of conspiracy;
  - **Graphite Electrodes** - Prices increased by over 60% during duration of conspiracy;
  - **Vitamins** - Defendants agreed to pay U.S. customers more than \$1 billion in damages.
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- **Percentage Of Foreign Defendants.** Since the beginning of FY 1998, roughly *50 percent* of corporate defendants in criminal cases brought by the Division were foreign-based.
  - **Conviction Of Foreign Executives.** The Division has convicted foreign executives from Germany, Belgium, The Netherlands, England, France, Switzerland, Italy, Canada, Mexico, Japan, and Korea for engaging in cartel activity, resulting in heavy fines and, in some cases, imprisonment. Business executives from Germany and Switzerland recently have served prison sentences in U.S. jails, and a Japanese executive, in a case filed in February 2001, will be the first business executive from that country to plead guilty and face a potential jail sentence in the United States for an antitrust violation.
  - **Individual Jail Sentences Have Increased.** Individual defendants were sentenced to more jail days in FYs 1999 and 2000 (12,246 days) than in the prior five years combined (9,920 days). That equates to nearly 34 years of jail time imposed in FYs 1999 and 2000, including *15* sentences of 12 months or more. Of course, the majority of those sentences were imposed against U.S. business executives. However, as noted above recent cases have resulted in the imprisonment of foreign executives for antitrust violations.